

1. Will you provide attendees at Pre-Bid Conference a copy of the presentation slides?

Answer 1: The Slides presented at the Pre-Solicitation Conference have been posted on the PNNL SEB Website and IIPS website.

2. Who are the members of the Source Evaluation Board (SEB)?

Answer 2: DOE considers this Source Selection Information in accordance with FAR 2.101 and 3.104 and does not intend to release the names of the Source Evaluation Board.

3. Who is the Source Selection Official (SSO)?

Answer 3: DOE considers this Source Selection Information in accordance with FAR 2.101 and 3.104 and does not intend to release the name of the Source Selection Official.

4. How will you “incentivize” competition considering the following:

- (1) Incumbent in place since 1965.
- (2) Performance Fee in DRFP ~ 1%
- (3) No Base Fee.
- (4) Proposal preparation will cost ~\$10M over 1 year.
- (5) Incumbent is non-profit agency, and
- (6) DOE National Lab Competitions have largely been awarded to the incumbent.

Answer 4: DOE is committed to assuring that all potential Offerors have an equal opportunity to compete for the award of this contract. In order to encourage competition, DOE held a pre-solicitation conference and Site Tour for potential Offerors and issued a Draft Request for Proposals for comment. A major effort by the Department to further competition was the securing of leases for all facilities currently utilized by PNNL. The negotiation of these leases removes a major barrier to potential Offerors. DOE believes that encouraging competition will result in obtaining the best possible contract for DOE and for the future of the PNNL.

5. The current M&O PNNL Contract indicates that “there shall be no base fee for the period of the contract.” (DE-AC05-76RF01830 Mod M412, H-24). As a means to promote competition for the new solicitation, does DOE intend to include a base fee? It is unclear in the draft RFP if a base fee is included or not.

Answer 5: There is no base fee for this contract; however there is a provision for an award term extension. All fee is performance based.

6. As a means to increase fee earning potential, would the DOE consider including cost saving sharing arrangements and include DEAR 970.5215-4, Cost Reduction, in the final RFP?

Answer 6: DOE intends to award a single, cost-reimbursement performance-based management and operating contract to the responsible Offeror whose proposal represents the best value to the Government. The contract is performance-based and contains performance expectations and objectives that are stated in the Performance Evaluation and Measurement Plan established annually. The contractor shall be evaluated annually in accordance with this plan and maximum available performance fee may be earned in accordance with this established plan. In addition, the proposed contract contains a non-monetary performance incentive which will allow the selected Offeror to earn up to an additional fifteen years of contract term based on performance. The proposed contract does not include a cost saving sharing arrangement as the contract is not a fixed price or a cost-plus-incentive-fee arrangement which results in a shared net savings. It is the Contractor's responsibility to develop and implement innovative approaches and adopt practices that foster continuous improvement in accomplishing the mission of the Laboratory.

7. Section C – Statement of Work – in a number of locations indicates that the contractor is responsible for “managing the design, engineering, and construction”. Will the contractor be required to procure the design, engineering, and construction for new and/or existing facilities, infrastructure, and systems on behalf of the DOE through separate future procurement actions? Will a member of the Offeror's Team be able to self perform through direct hire the design, engineering, and construction under the terms of the M&O contract without additional cost to the government? Will the DOE make separate federal procurements directly for the design, engineering, and construction? What will be the limitations in this regard to the new M&O contractor? Please clarify all.

Answer 7: The activity identified in your question is one of many activities that the contractor is responsible for in its overall responsibility in managing and operating the laboratory. Specifically, this is the activity described in paragraph (c)(6) “Project Management” of the Statement of Work. The contractor must decide how the work should be accomplished in the most efficient, timely, and safe way. The contractor is held responsible for its intellectual leadership and management expertise necessary and appropriate to support the accomplishment of the Laboratory's missions and is held accountable to the DOE under the results-oriented, performance-based provisions of the contract. The DOE does not require the contractor to procure this activity through separate future procurement actions, nor does it require that a member of the Offeror's team be able to self perform these activities. However, the contractor's performance will be evaluated in how it meets these requirements in its annual performance evaluation management plan. In addition, the Offeror's planned approach to

managing large scale facility construction, relocation and rehabilitation projects, and identifying future research facilities needs at PNNL, will be evaluated under subcriterion 1.b. DOE does not currently intend to award separate Federal contracts for design, engineering or construction.

8. The current PNNL contract includes a clause, “Joint Global Climate Change Research Institute” (Clause H.35). This clause is not included in the draft contract. This clause facilitates the ongoing research work of approximately 20 staff performed at the Joint Global Climate Research Institute in College Park, Maryland.” We recommend that this clause be included in the final RFP.

Answer 8: The evaluation of the necessity of this clause will be evaluated post award after the successful awardee has proposed its organizational structure and the Government has accepted its structure. DOE does not intend to disrupt the function of the Joint Global Climate Research Institute.

9. The PNNL 2008 Annual Performance Plan describes “shifting areas of focus and complexities” that will challenge the PNSO and Laboratory management, in particular, ...large and complex construction projects,... [assumption of} line-management responsibilities for category II nuclear facility from the Richland Operations Office,... retention of 300 Area facilities...,” ...and several other noted challenges that may distract from delivery of high value S&T. Is the DOE considering alternative contracting approaches that allow S&T resources to concentrate on delivery of high value S&T and operations resources to concentrate on operating, maintaining and renewing facility and infrastructure?

Answer 9: No. DOE is seeking a contractor to manage and operate the Pacific Northwest National Laboratory (PNNL) as outlined in the Statement of Work. The contractor has the responsibility for total performance under the contract, including determining the specific methods for accomplishing the work under the contract. As stated in the draft RFP, the contract reflects the application of performance-based contracting approaches and techniques which emphasize results/outcomes and minimize “how to” performance descriptions.

10. It is clear from the 2006 year-end evaluation that the incumbent has successfully delivered “high value science and technology” that supports DOE missions. These evaluations also indicate recent challenges with the Capability Replacement Laboratory project and 300 area strategy. Recognizing that “the CRL project’s mission is to: Relocate the necessary PNNL capabilities (people and equipment) and infrastructure from the 300 Area to new replacement facilities by the end of 2011 while minimizing interruptions to ongoing DOE and national mission-based research programs,” would DOE consider additional fees for higher levels of performance?

Answer 10: DOE utilizes the Office of Science Laboratory Appraisal Process to evaluate contractor’s performance on an annual basis. The contractor’s level of

performance directly impacts the level of performance fee that is earned. DOE is not considering additional fee beyond what will be proposed by the Offeror and identified in section B.3 Performance and Other Incentive Fees in accordance with section L.6 of the Request for Proposals. It should be noted, however, that the contractor's performance also affects whether the contractor earns award term extensions (see F.2).

11. Clause F.2, "Award Term Incentive (Special)," Sub Clause 9b) (1), page F-2. What will be the timing for the first evaluation period for determining whether award term has been earned? In recent DOE SC Lab procurements, the evaluation period for the first term extension is at the end of the first three performance evaluation periods (at the end of the first 3 years of performance), and the Contractor may earn a 3-year award term extension. We recommend that the final PNNL RFP allow for an initial 3-year award term extension.

Answer 11: The language in recent SC Lab procurements specifies that the amount of award term that may be earned for the first award term extension is 36 months. The evaluation to determine if the contractor has earned the first award term extension is based on the 3 evaluations of the contractor's performance for each of the first three performance periods. If the contractor fails to meet the minimum requirements for any one of the first evaluation periods, the contractor becomes ineligible for any award term extensions. The language used in the draft RFP was to clarify that the contractor does not become ineligible to earn award fee unless they have failed to meet requirements for three performance periods. It is expected that the determination of contractor eligibility for award term extensions would be made as a part of the Office of Science Laboratory Performance Appraisal Process. The timing for actual modification of the contract to recognize the award term earned would be at the Contracting Officer's discretion.

12. If the award term evaluation is conducted annually, when will the award term be added to the contract? Does successful performance in year 1 earn a year 6 award term or does successful performance in year 5 earn a year 6 award term?

Answer 12: Successful performance in year 1 earns a year 6 award term. The timing for actual modification of the contract to recognize the award term earned would be at the Contracting Officer's discretion.

13. In terms of performance measurement (annual Performance Evaluation Process), are ESH&Q, and Safeguards and Security equally important to Business Systems? Should additional emphasis be placed on ESH&Q, Safeguards and Security, etc. in the evaluation criteria vs. business systems?

Answer 13: The current DOE Office of Science (SC) guidance concerning the SC Laboratory Performance Appraisal Process is contained in the links to the PNNL SEB Website. This process is utilized for all SC laboratory contracts. As

noted in Section J, Appendix B of the Draft RFP, a Performance Evaluation and Measurement Plan will be negotiated after contract award with the selected Offeror, for the period of performance remaining in FY 2009.

14. What is the basis for separating the positions in Section L, Appendix 4, List B from the Section L, Appendix 4, List A positions? DOE may be better served by including these positions in Section L, Appendix 4, List A to maximize Offeror flexibility in proposing a management structure.”

Answer 14: The individuals listed in Section L Appendix 4, List A, are Key Employees under the current PNNL M&O contract, in addition to the Director of the Environmental Molecular Sciences Laboratory. The positions in list B, though not occupied by key employees as identified under the current contract, are viewed as senior leadership positions. DOE’s desire is to allow the potential Offerors the maximum flexibility in proposing the management structure that they believe is most responsive to the RFP. DOE accepts the suggestion and this change will be reflected in the final RFP.

15. Does List B relate to the person or the position?

Answer 15: The applicable provisions of H.21 and H.22 refer to individuals permanently assigned to positions in Section L, Appendix 4 List B.

16. What is the split between Battelle employees and PNNL employees? Put another way, how many of the 4,000+ employees are Battelle Corporate?

Answer 16: The ~4,000 employees identified as PNNL employees are employees of Battelle Memorial Institute (BMI) Pacific Northwest Division. The PNNL is not currently operated by a “separate corporate entity,” so all PNNL employees are BMI employees.

17. When will the questions previously submitted be answered?

Answer 17: As soon as practical; and the list of questions and responses will be updated as new questions are received.

18. Clause I.82 (a), “952.204.72 Disclosure of Information (April 1994),” page I-109. The first sentence states that “It is mutually expected that the activities under this contract will not involve classified information.” Much of the work that is performed under the current contract does, in fact, involve classified information. Please clarify.

Answer 18: The SEB agrees with this comment and this clause “952.204.72 Disclosure of Information (April 1994),” will be deleted and not included in the final RFP.

19. Clause I.105, “970.5209-1 Requirement for Guarantee of Performance,” page I-136. This clause appears to be applicable only in a solicitation and not in a contract. Clause H.17, “Separate Corporate Entity and Performance Guarantee” already requires the performance guarantee. We suggest that Clause I-105 be deleted from the contract.

Answer 19: The SEB agrees that “970.5209-1 Requirement for Guarantee of Performance” is a provision that should be included in the solicitation and not in the contract. The provision will be deleted from Section I, but will remain in Section L as a provision. Additional requirements are stated in clause H.17, Separate Corporate Entity and Performance Guarantee and clause H.18 Responsible Corporate Official. These two clauses in Section H will be revised in accordance with DOE Acquisition Letter (AL) 2008-01 in the final RFP.

20. Does DOE intend to use the “Proposed rates for indirect costs and fringe benefits should be briefly explained.” described under Section L.6(c) to understand the Offeror’s proposed rates for the life of the contract as part of the cost comparison?

Answer 20: No. The proposed rates for indirect costs and fringe benefits should be briefly explained associated with the overall “Transition” costs and period.

21. What is the current utilization overhead rate?

Answer 21: DOE needs further clarification and information to better understand the question in order to respond appropriately.

22. Would DOE consider adding language under H.1 that DOE will confer with the contractor “not less than 120 days prior to the forecasted need date, except in the event of an emergency.” This will allow adequate time for dialogue between the contractor and DOE and facilitate orderly transition in a timely fashion.

Answer 22: Since the clause specifies that “the Contractor will not be unreasonably interfered with” and that “Before exercising its right...., DOE will confer with the Contractor.” DOE does not believe that this addition is necessary.

23. In regards to clause H.24(b), would DOE consider requiring the contractor to notify DOE within 3 working days to remove the ambiguity associated with the term “promptly”?

Answer 23: Promptly is defined in DOE Directives, including CRD M 231.1-2 Occurrence Reporting and Processing of Operations Information.

24. Regarding H.4.II (a), would DOE consider adding specific language to allow costs for home office costs related to laboratory performance assurance processes. This would reflect DOE’s stated desire for a robust laboratory performance

assurance process (ref. C.2.2.(c)). A strong Laboratory performance assurance process benefits from the contractor having access to the full breadth and depth of the parent corporations resources (subject matter experts, peer reviewers, etc.) that may not be accessible without the ability to recover costs.

Answer 24: DOE Acquisition Regulation (DEAR) 970.3102-3-70, “Home office expenses,” established DOE policy for reimbursement of home office expenses under a management and operating (M&O) contract. Acquisition Letter (AL) 2005-11 provides application guidance. Any advance agreement regarding Home Office expenses, if requested by the selected Contractor, would need to be considered by the Contracting Officer after contract award in accordance with AL 2005-11.

25. The use of the Award Term Incentive is a strong motivator. However, increments of 12 months would increase workforce stress and could negatively impact recruiting/retention. Would DOE consider longer increments of 2 – 5 years?

Answer 25: Please see the answers to question 12 above. We believe the time lag between when the award term is earned versus the actual end date of the contract builds in sufficient time to prevent unnecessary workforce stress or concern.
